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A-1

Firm Allegedly Claimed Ties to Administration

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A Washington consulting firm has solicited business from several U.S. Indian housing authorities by saying it has ties to top officials in the Reagan administration and can obtain federal housing grants for its clients, according to Indian officials the firm has approached.

The firm is called Gnau, Carter, Jacobsen & Associates. Its partners include President Reagan's 1980 campaign chairman in Michigan and a former chairman of the District of Columbia Republican Party.

In a letter to one Indian housing authority in Minnesota, the firm cited as references CIA Director William J. Casey, White House counselor Edwin Meese III and deputy chief of staff Michael K. Deaver; Housing and Urban Development Secretary Samuel R. Pierce Jr.; Air Force Secretary Verne Orr, and U.S. Information Agency Director Charles Z. Wick.

Gnau, Carter did not ask the Indian tribes for a fee. Instead, several Indian housing officials said, the firm urged them to hire one of its clients, the John Cooley Construction Co., to build the federally financed housing.

In one case, HUD officials in Washington awarded \$600,000 in supplemental grants to a Michigan reservation, Keweenaw Bay, that had retained Gnau, Carter. The consulting firm later took credit for this in its letter to the Minnesota reservation, saying that the firm has directed housing units from HUD to the Keweenaw Bay Indian Community.

The General Accounting Office is investigating Gnau, Carter's involvement with the Indian housing program, according to officials familiar with the case.

A senior HUD official said last week that it was "absolutely untrue" that the firm had ever "directed housing units" to any tribe; he said the company had nothing to do with awarding Indian housing grants.

Gnau, Carter officials said last week that they never meant to imply that their firm had special influence with HUD and that they never promised Indian authorities that they could deliver federal grants.

Casey, Meese, Deaver, Pierce, Orr and Wick said through spokesmen that they had not given permission for the firm to use them as references.

The Indian agency in Minnesota, the Fond du Lac housing authority, was first contacted by Gnau, Carter last spring. Minnie Porter, its executive director, said she was called by Gerry Blanchard, then a vice president of Gnau, Carter.

Blanchard said "he could get me 25 homes if I would come down to Washington to see him," Porter said in an interview. She recalled that Blanchard said his firm "had been given this allotment of 400 homes . . . by HUD in Washington."

In an April 18 letter to Porter, Blanchard said his firm was formed in March 1981, and that "the partners and associates have advised and assisted presidents of the United States, Cabinet secretaries, senators and members of the House of Representatives, governors, foreign governments, national trade associations and major Fortune 500 companies."

An attached resume said that company chairman John R. Gnau "has enjoyed a personal relationship and friendship with the president of the United States and his key aides and advisors for many years." It said Gnau chaired Reagan's 1976 campaign in Michigan; he also was chairman in 1980.

Roy T. Jacobsen, company president, was described as a political consultant who "drafted the original strategy for President Reagan's campaign in Michigan."

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